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## UNITED STATES AFRICA COMMAND INSTRUCTION

RES/IN  
ACI 7100.01A

22 April 2010

### INTERNAL CONTROL Managers' Internal Control Program

#### References:

- a. Department of Defense (DoD) Instruction 5010.40, "Managers' Internal Control Program Procedures," 4 January 2006.
- b. DoD Federal Managers' Financial Integrity Act of 1982.
- c. DoD Guidance for the Preparation of the Federal Managers' Financial Integrity Act (FMFIA) Annual Statement of Assurance Fiscal Year 2009, dated 2 October 2008.

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1. **PURPOSE.** This directive prescribes policies, responsibilities, objectives, standards, and procedures for establishing a Managers' Internal Control Program (MICP).

2. **CANCELLATION.** This instruction provides a revision to ACI 7100.01, dated 13 Oct 2008, which is hereby rescinded.

#### 3. **APPLICABILITY.**

a. This directive applies to Headquarters, United States Africa Command, and joint activities assigned to or reporting through HQ U.S. Africa Command, including Offices of Security Cooperation, Security Assistance Offices, and Joint/Combined Task Forces.

b. In accordance with the Department of Defense (DOD) Instruction 5010.40, "Managers' Internal Control Program Procedures," the DOD Federal Managers' Financial Integrity Act (FMFIA) "Over Non-Financial Operations" Statement of Assurance will disclose material weaknesses identified through an assessment that tests the effectiveness of the Component's internal management controls for all mission essential programs, administrative, and operational activities, except financial reporting activities, and describe the plans and schedules to correct those weaknesses.

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## 4. POLICY.

a. The Management Control Program was established by Public Law 97-255, the Federal Managers' Financial Integrity Act of 1982 (Integrity Act). The law was enacted to ensure efficient and effective management of government resources. It requires all federal agencies to establish management controls that provide reasonable assurance that: obligations and costs are in compliance with applicable laws; funds, property, and other assets are safeguarded against waste, loss, unauthorized use or misappropriation; revenues and expenditures are properly recorded and accounted for; and programs are efficiently and effectively carried out according to applicable law and management policy. The law requires the head of each agency to report annually to the President and Congress on whether or not they are in compliance with the Federal Managers' Financial Integrity Act.

b. The Federal Managers' Financial Integrity Act is implemented within the Executive Branch by OMB Circular A-123, Management's Responsibility for Internal Control, 21 December 2004 and within the Department of Defense by DOD Instruction 5010.40, Managers' Internal Control Program Procedures, 4 January 2006.

c. To comply with OMB and DOD guidance, Commander, U.S. Africa Command submits an annual Statement of Assurance on Effectiveness of Internal Controls "Over Non-Financial Operations" to the Secretary of Defense denoting whether or not the U.S. Africa Command MICP meets established standards, goals and objectives. The statement is based upon feeder statements provided by U.S. Africa Command Directors and subordinate Assessable Unit Managers (AUM). Guides to conduct Internal Control Evaluations are at Enclosure B. Forms to complete the Internal Management Control plans are at Enclosure C. Internal Control Reporting categories are found at Enclosure D, and the MICP inspection checklist is at Enclosure E. Specific U.S. Africa Command organizations required to submit annual Statements of Assurance to Commander, U.S. Africa Command are listed in Enclosure F.

5. **DEFINITIONS.** See Enclosure G.

6. **RESPONSIBILITIES.** The proponent for this directive is the Resources Directorate. Users are invited to send comments and suggested improvements directly to: U.S. Africa Command, ATTN: RES-IN, Unit 29951, Box 489, APO AE 09751.

7. **SUMMARY OF CHANGES.** This revision incorporates changes from DOD/OSD and directorates. The issue date is changed to April to align with higher headquarters publishing date. Additionally, the Directorate for Joint Development and Readiness is included on the list of Africa Command organizations required to submit annual Statements of Assurance to the Commander, U.S. Africa Command.

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8. **RELEASABILITY.** RESTRICTED. This Instruction is approved for restricted release. Authorized users may obtain copies on the appropriate US Africa Command SJS network portal page.

9. **EFFECTIVE DATE.** This instruction becomes effective upon receipt.



MICHAEL A. SNODGRASS  
Major General, USAF  
Chief of Staff

Enclosures:

- A. Responsibilities
- B. Guidelines to Conduct Internal Control Evaluations
- C. Sample US Africa Command Form 9, Internal Management Control Plan
- D. Internal Control Reporting Categories
- E. Managers' Internal Control Program Inspection Checklist
- F. Organizations Required to Comply
- G. Definitions

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## ENCLOSURE A RESPONSIBILITIES

### 1. **Responsibilities.**

- a. Military and civilian leadership, herein referred to as managers, are responsible for establishing and maintaining internal control to improve accountability and effectiveness of programs and operations under their control.
- b. Managers will establish a MICP to review, assess, and report on the effectiveness of internal controls. The MICP will be the primary means to identify and promptly correct ineffective and inefficient controls and establish stronger controls when warranted.
- c. Internal controls will be established and will apply to all financial, administrative, and operational functions that support the organization's mission and objectives.
- d. The proper stewardship of resources is an essential responsibility of all managers and assigned personnel throughout the organization.
- e. Internal controls will be integrated into day-to-day operations and evaluated for effectiveness in the course of normal business activity. Ideally, the manager should be able to identify deficiencies through observation, quality control standards, and metrics.
- f. Managers will communicate internal management control deficiencies without fear of retribution so long as they are promptly reported.
- g. Assessable Unit Managers are required to report material weaknesses to higher headquarters as they are identified and also as part of their annual Statement of Assurance.

### 2. **CDR U.S. Africa Command.**

- a. Establishes an effective and efficient MICP.
- b. Ensures a senior accountable officer is appointed in writing to ensure timely and effective resolution of material weaknesses and the appointed senior accountable officer is rated on how effective these duties are performed IAW DODI 5010.40, Managers' Internal Control Program Procedures, 4 January 2006, Section 6.1.6.5.
- c. Submits an annual Statement of Assurance to the Secretary of Defense not later than 1 September 2010 or the date prescribed in the DOD annual guidance using the

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format and guidance provided by the Office of the Under Secretary of Defense (OUSD) Comptroller.

### 3. **U.S. Africa Command Comptroller (RES).**

- a. Designated as the Senior Manager for implementation, management, and oversight of the MICP.
  - b. Implements a Command-wide MICP to enable senior managers of all assessable units to successfully meet the objectives of the Integrity Act, OMB Circular A-123, DODI 5010-40, and this directive.
  - c. Provides guidance to Assessable Unit Managers, and training to program coordinators and supporting personnel necessary to establish and maintain an effective and efficient program.
  - d. Reports and tracks corrective actions to expedite prompt resolution of control deficiencies, reportable conditions, or material weaknesses identified during the assessments.
  - e. Fully discloses in the annual Statement of Assurance material weaknesses identified during scheduled assessments.
- (1) Chairs the Senior Assessment Team (SAT) to provide oversight and accountability regarding internal controls of the FMFIA Over Non-Financial Operations reporting and FMFIA overall. The team will be composed of an O-6 and / or civilian equivalent or higher from each U.S. Africa Command Directorate, and for advisory purposes, the Deputy Inspector General.
- (2) Ensures a Senior Accountable Official is appointed for each material weakness reported to the Secretary of Defense in the annual assurance statement. This official will be appointed from senior leadership of the organization and will not be further delegated.
- (3) Responsible for the preparation and timely submission of the Command's annual Statement of Assurance to the Secretary of Defense no later than 1 September or otherwise specified in DOD guidance.
- (4) Appoints, in writing, a Command MICP Coordinator to manage the day-to-day requirements of the program. Major responsibilities of the Command MICP Coordinator will be to respond to inquiries and tasks required by the OUSD Comptroller MICP Manager, provide advice to senior managers and appointed MICP Coordinators from organizations designated in Enclosure F, prepare written guidance, and prepare the Command's annual Statement of Assurance.

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(5) Publishes Command directives and guidance in support of the MICP.

## 4. **Command MICP Coordinator (RES).**

a. Maintains current copies of the following publications:

(1) OUSD Comptroller MICP guidance

(2) DOD Instruction 5010-40, Managers' Internal Control Program

(3) OMB Circular A-123, Management's Responsibility for Internal Control

(4) U.S. Africa Command Directive 7100.01, Managers' Internal Control Program

(5) Copies of Directorate MICP Coordinator appointment memorandums

b. Maintains the annual Statement of Assurance and Internal Management Control Plans for the Director (RES-IN).

c. Facilitates the implementation of this directive on behalf of the Commander or head of the organization.

d. Ensures all assessable unit managers are trained on the MICP.

e. Ensures all organizational leadership and subordinate personnel are trained on the requirements of this directive.

f. Ensures all organizations/directorates personnel are trained to assess risk, apply internal controls, and evaluate for effectiveness and efficiency.

g. Ensures that assessable units prepare an Internal Management Control Plan.

h. Writes and coordinates the annual Statement of Assurance; obtains approval and signature of the Commander or Deputy Commander.

i. Tracks deficiencies, reportable conditions and material weaknesses until resolved.

(1). Ensures a MICP Coordinator is appointed, in writing, for each subordinate assessable unit/directorate.

(2) Obtains MICP training from available sources, i.e., U.S. Africa Command, Service Departments, OSD, and commercial sources.

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## 5. **U.S. Africa Command Inspector General (SPS-IG).**

- a. Supports the program with technical advice on internal audits, internal assessments, inspections, and investigative activities.
- b. Provides the Integration Office, RES-IN, information copies of audit reports and findings identified by the Command Inspector General (SPS-IG), DOD Inspector General and General Accountability Office (GAO), that requires HQ U.S. Africa Command action or has U.S. Africa Command as the Office of Primary Responsibility.
- c. Provides clearly disclosed commentary in all audit and evaluation reports on the adequacy and effectiveness of management's implementation of this directive.

## 6. **Senior Assessable Unit Managers (Commanders and Directors).**

- a. The organizations specified in Enclosure F are designated as U.S. Africa Command assessable units for FMFIA overall reporting and are required to comply with this directive. The Commander or senior manager of each designated organization is appointed in writing as the Senior Assessable Unit Manager.
- b. The Senior Assessable Unit Manager may segment the organization into subordinate assessable units along organizational lines (e.g., directorates, divisions, branches, attached units, etc.) that collectively encompasses all essential functions of the organization. The head of each segmented assessable unit is designated the Assessable Unit Manager. Each Assessable Unit Manager is responsible for assessing the functions and programs under their purview for effective internal management control.
- c. Ensures each Assessable Unit Manager is rated/evaluated on the effectiveness of their internal controls IAW DODI 5010.40, Managers' Internal Control Program Procedures, 4 January 2006, Section 6.1.2.
- d. Appoints, in writing, a MICP Coordinator/Administrator to facilitate the overall program for the organization. The Senior Assessable Unit Manager has the discretion to appoint the MICP Coordinator from any part of the organization so long as the member is qualified to perform these duties. Subordinate Assessable Unit Managers will appoint an MICP Coordinator, in writing, to implement the MICP for functions and programs for which they are responsible.
- e. Ensures effective and efficient internal controls are an integral part of all essential functions of the organization encompassing operations, administration, and financial activities. Internal controls should be an integral part of all functions and not created as an afterthought.



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f. Promptly reports material weaknesses to higher headquarters levels at the time of discovery and also in the annual Statement of Assurance. Appoints a Senior Accountable Official responsible for timely and effective resolution of each material weakness and includes a critical element in performance appraisals that will rate their program effectiveness.

g. Ensures all assessable units are annually assessed to determine the efficiency and effectiveness of internal management control. This may be accomplished through a comprehensive, well-documented, but independent, self-inspection program, outside organizational audits, special studies, and other external means such as Inspector General (IG) inspections and Government Accountability Office (GAO) audits.

h. Submits an annual Statement of Assurance to the Commander, United States Africa Operations Command no later than 15 June or as otherwise stated in supplemental Command guidance. The MICP plan should be kept on file with each assessable unit for reference and to assist with any audits.

**7. Internal Control Standards.** The Comptroller General of the United States has issued five internal control (IC) standards that define the minimum level acceptable for internal control in government and provide the basis against which internal control is to be evaluated. These standards apply to all aspects of an agency's operations: programmatic, financial, and compliance. However, they are not intended to limit or interfere with duly granted authority related to developing legislation, rule-making, or other discretionary policy-making in an agency. These standards provide a general framework. In implementing these standards, management is responsible for developing the detailed policies, procedures, and practices to fit their entity's operations and to ensure that they are built into and an integral part of operations. In the following material, each of these standards is presented in a short, concise statement. Additional information is provided in Section II of the glossary.

a. **Control Environment.** Management and employees should establish and maintain an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management.

b. **Risk Assessment.** Internal controls should provide for an assessment of the risks the entity faces from both internal and external sources.

c. **Control Activities.** Internal control activities help ensure that management's directives are carried out. The control activities should be effective and efficient in accomplishing the entity's control objectives.

d. **Information and Communication.** Information should be recorded and communicated to management and others within the entity who need it and in a form



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and within a time frame that enables them to carry out their internal control and other responsibilities.

e. **Monitoring.** Internal controls monitoring should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved.

8. **Procedures.** Internal controls should not be considered an isolated management tool, but rather an integral and fundamental part of any operation, administrative, and financial process. They should support the effectiveness and integrity of every step of the process and provide continuous feedback to management. Therefore, appropriate internal controls should be integrated into each system established by management to direct and guide its operations.

a. It is the manager's responsibility to identify and implement the specific procedures necessary to ensure internal controls, and determine how to evaluate their effectiveness.

b. The Assessable Unit Manager (head of segmented assessable unit) will determine the functions and programs that are essential to the success of the organization and require internal control and assessment. These functions and programs will, in turn, be described and documented on U.S. Africa Command Form 9, Internal Management Control Plan. A copy of the plan will be retained with the annual Statement of Assurance. The annual Statement of Assurance and accompanying Internal Management Control Plan will be retained for at least 3 years.

c. Managers should continuously monitor and improve the effectiveness of internal controls. Only through continuous monitoring, scheduled internal control assessments, and other periodic evaluations, can the senior manager make an assessment of reasonable assurance required for the annual Statement of Assurance.

d. Internal control evaluations are performed on assessable units to determine if they have internal controls and whether or not those controls are working as intended. Independent evaluations of internal controls are encouraged.

e. Any current review, assessment, audit, inspection, or study that is independent and also assesses internal controls can be used as an internal control assessment. The only time an internal control assessment must be done specifically for the MICP is when no other source of information is available that assesses effectiveness of internal controls. Enclosure B provides a step-by-step guide for conducting internal control assessments when there is no other valid evaluation available. Assessments must be conducted on each assessable unit a minimum of once every year.

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f. Internal control evaluations must be documented in control plans and be supported with written records that document the evaluation. This documentation should be such that an independent reviewer can read and understand how the evaluation demonstrated the effectiveness of applicable internal controls.

g. The assessment of internal controls can be performed using a variety of information sources. The assessment shall be designed by management following guidance in this directive and annual guidance provided by U.S. Africa Command. Managers are encouraged to prevent this process from becoming an isolated exercise outside of daily operating and management activities by consolidating these assessments with other evaluative activities such as these.

(1) Management knowledge gained from the daily operation of programs and systems.

(2) Internal evaluations conducted expressly for the purpose of assessing internal controls or for other purposes with an assessment of internal controls as a by-product of the review.

(3) GAO reports, including audits, inspections, assessments, or other products.

(4) Program evaluations.

(5) Reports and other information provided by Congressional committees of jurisdiction.

h. Sources of information that do not evaluate internal controls should not be considered. Management should avoid duplicating evaluations, which assess internal controls, and should coordinate their efforts with other evaluations to the extent practicable.

i. If a manager determines that there is insufficient information available upon which to base an assessment of internal controls, then appropriate assessments should be planned and conducted. An example of such an assessment is an Internal Control Assessment.

j. Quality Control. Quality controls shall be established to ensure that the MICP is adequate and achieves its objectives.

k. Identification of Deficiencies. Managers and employees should seek to identify deficiencies in internal controls. These deficiencies should be reported if they are or should be of interest to the next level of command.

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**9. Reporting Requirements.**

a. Each command-designated assessable unit in Enclosure F will submit an annual Statement of Assurance through RES-IN to the CDR U.S. Africa Command no later than 15 June unless otherwise directed in command-specific guidance. The statement will be signed by the head (or principal deputy) of each assessable unit shown in Enclosure F. RES-IN will compile assurance statements and prepare a consolidated Statement of Assurance for CDR U.S. Africa Command to approve, sign, and release to the Secretary of Defense. SOCAFRICA, MARFORAF, AFAFRICA, NAVAF, and SETAF will report through their service agencies and provide a copy of those reports to RES-IN.

b. CDR U.S. Africa Command, will submit an annual Statement of Assurance to the Secretary of Defense not later than 1 September 2010 or as otherwise specified in DOD guidance. The statement will adhere to DOD guidelines.

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## ENCLOSURE B

### GUIDELINES TO CONDUCT INTERNAL CONTROL EVALUATIONS

#### 1. Identify the Assessable Unit.

a. Assessable Unit \_\_\_\_\_

b. Function/Program Evaluated: \_\_\_\_\_

#### 2. Describe the Function or Program.

a. Objective. Describe the objective of the function. How does this function contribute to the organization's mission?

b. Risks. Identify events/incidents that could prevent the successful achievement of the goals and objectives of the function. Identify all risk then rate them as high probability to low probability.

c. Process. Identify the steps necessary to accomplish the function.

(1) If these steps or actions are identified in organization directives, standard operating procedures, etc., simply identify the appropriate guidance.

(2) If process is not documented, outline or flowchart the steps or actions required to perform the function.

d. Internal Controls. Given the risks and process identified above, what control activities are in place to mitigate these risks? Are these control activities working properly? Are resources used to address high probability risk before addressing low risk factors?

e. Measures of Effectiveness. How does the assessable unit manager know the function under review is effective or otherwise? Are internal controls working as intended? Which of the following techniques are used to measure effectiveness?

(1) Performance Metrics. Are stated performance goals being achieved?

(2) Observations. Observe the performance of each step to determine if procedures and controls are effective and being used.

(3) Interview. Talk with personnel directly involved with the process to determine their awareness of procedures, responsibilities, and controls.

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(4) Sample. Select a representative number of transactions, reports, documents, etc. Examine them for accuracy, completeness, timeliness, appropriate signatures, and required supporting documentation.

(5) Research. Consider the results of audits, assessments, etc., that may have highlighted inadequate or excessive controls.

### 3. Report Evaluation Results.

a. Results. Provide a summary of the results. Describe if controls were adequate, deficient, nonexistent, or excessive.

b. Control Deficiencies. Control Deficiencies exist when the design or operation of a control does not adequately mitigate unacceptable risk and does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis or accomplish the mission objectives.

(1) A brief description of the deficiency.

(2) Corrective actions taken or planned.

(3) Estimated or accomplished completion dates for each required corrective action.

(4) If a particular corrective action is outside your area of responsibility, identify the individual, division, or organization that has responsibility and provide a copy of the deficiency along with any supporting documentation that may have been developed as a result of this evaluation.

c. Reportable Condition. A control deficiency or combination of control deficiencies that in management's judgment, should be communicated because they represent significant weaknesses in the design or operation of internal controls that could adversely affect the organization's ability to meet its intended purpose.

d. Material Weaknesses. Reportable conditions which in management's judgment are significant enough to report to the next higher level.

e. Recommended Improvements. Recommendations that will improve the process.

f. Signature. Identify who performed and who approved the assessment. The assessment should be conducted by an independent party when possible and be signed and dated by the individual performing the assessment and approved, at least, by the next higher supervisor with overall responsibility for the assessable unit.

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Assessment Conducted by: \_\_\_\_\_  
Date: \_\_\_\_\_ Signature: \_\_\_\_\_

AUM Reviewed by: \_\_\_\_\_  
Date: \_\_\_\_\_ Signature: \_\_\_\_\_

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Sample U.S. Africa Command Form 9, Internal Management Control Plan  
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INTERNAL MANAGEMENT CONTROL PLAN INSTRUCTIONS	
<b>ASSESSABLE UNIT</b>	List the name of the assessable unit.
<b>FUNCTIONS AND PROGRAMS REQUIRING ASSESSMENT</b>	Identify all functions and programs that are essential to successfully complete the mission of the assessable unit. Functions will be evaluated at least annually and more often as needed to ensure adequate internal control. Ensure functions and programs that have high risk of fraud, waste, abuse, or that lend themselves to mismanagement are identified for evaluation.
<b>PROCESS OWNER / PHONE NUMBER</b>	Enter name and telephone number of individual primarily responsible for the procedures and internal controls.
<b>DATE OF LAST EVALUATION</b>	Enter date last evaluated.
<b>DATE OF NEXT PLANNED EVALUATION</b>	Enter date planned for review.
<b>METHOD USED TO EVALUATE</b>	Enter what method used to evaluate the function or program. Example: internal control assessment, IG inspection, GAO Audit.
<b>DEFICIENCIES, REPORTABLE CONDITIONS, OR MATERIAL WEAKNESSES IDENTIFIED DURING THE EVALUATION</b>	Enter deficiencies, reportable conditions, and material weaknesses. Attach any description, details, actions taken, actions planned, and timelines for completion.

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## ENCLOSURE D

### INTERNAL CONTROL (IC) REPORTING CATEGORIES

When reporting a material weakness in internal controls or a reportable condition in the Statement of Assurance, the Commander, or Director will identify which functional category the material weakness concerns. The following reporting categories will be used to classify material weaknesses.

- a. **Research, Development, Test, and Evaluation (RDT&E).** The basic project definition, approval, and transition from basic research through development, test, and evaluation and all DOD and contractor operations involved in accomplishing the project work, excluding the support functions covered in separate reporting categories such as Procurement and Contract Administration.
- b. **Major Systems Acquisition.** Items designated as major systems and are subject to the procedures of the Defense Acquisition Board, the Military Services Acquisition Review Councils, or the Selected Acquisition Reporting System. DOD Directive 5000.1 (The Defense Acquisition System) may be helpful when evaluating a weakness for inclusion in this category.
- c. **Procurement.** The decisions to purchase items and services with certain actions to award and amend contracts (e.g., contractual provisions, type of contract, invitation to bid, independent Government cost estimate, technical specifications, evaluation and selection process, pricing, and reporting).
- d. **Contract Administration.** The fulfillment of contractual requirements including performance and delivery, quality control and testing to meet specifications, performance acceptance, billing and payment controls, justification for contractual amendments, and actions to protect the best interests of the Government.
- e. **Force Readiness.** The operational readiness capability of combat and combat support (both Active and Reserve) forces based on analyses of the use of resources to attain required combat capability or readiness levels.
- f. **Manufacturing, Maintenance, and Repair.** The management and operation of in-house and contractor-operated facilities that perform maintenance, repair, install, or modify materiel, equipment, and supplies. This includes depot and arsenal-type facilities as well as intermediate and unit levels of military organizations.
- g. **Supply Operations.** The supply operations at the wholesale (depot and inventory control point) level from the initial determination of material requirements through receipt, storage, issue reporting, and inventory control (excluding the procurement of materials and supplies). Covers all supply operations at retail

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(customer) level, including the accountability and control for supplies and equipment of all commodities in the supply accounts of all units and organizations (excluding the procurement of material, equipment, and supplies).

h. **Property Management.** Construction, rehabilitation, modernization, expansion, improvement, management, and control over real and installed property, and facilities (both military and civil works construction) and includes all phases of property life-cycle management. Also covers disposal actions for all materiel, equipment, and supplies including the Defense Reutilization and Marketing System.

i. **Communications and/or Intelligence and/or Security.** The plans, operations, systems, and management activities for accomplishing the communications and intelligence missions and safeguarding classified resources (not peripheral assets and support functions covered by other reporting categories). Also covers the DOD programs for protection of classified information.

j. **Information Technology.** The design, development, testing, approval, deployment, use, and security of automated information systems (using a combination of computer hardware, software, data or telecommunications that performs functions such as collecting, processing, storing, transmitting or displaying information) and other technologies for processing management information. This includes requirements for justification of equipment and software. DOD Directive 8000.1 (Management of DOD Information Resources and Information Technology) may be helpful when evaluating a weakness for inclusion in this category.

k. **Personnel and/or Organization Management.** This category includes authorizations, recruitment, training, assignment, use, development, and management of military and civilian personnel of the DOD. It also includes the operations of headquarters organizations. Contract personnel are not covered by this category.

l. **Comptroller and/or Resource Management.** The budget process, finance and accounting, cost analysis, productivity and management improvement, and the general allocation and continuing evaluation of available resources to accomplish mission objectives. Includes pay and allowances for all DOD personnel and all financial management areas not covered by other reporting categories, including those in connection with OMB Circular A-76 (Supplemental Handbook Performance of Commercial Activities).

m. **Support Services.** All support service functions financed from appropriated funds not covered by the other reporting categories such as healthcare, veterinary care, and legal and public affairs services. All non-appropriated fund activities are also covered by this category.

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n. **Security Assistance.** This is management of DOD Foreign Military Sales, Grant Aid, and International Military Education and Training Programs.

o. **Other (Primarily Transportation).** All remaining functional responsibilities including management and use of land, sea, and air transportation for movement of personnel, materiel, supplies, and equipment using both military and civilian sources.

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## ENCLOSURE E

### Managers' Internal Control Program Inspection Checklist

#### References

DODI 5010.40	ACI 7001.01	OMB Circular A-123
Federal Managers' Financial Integrity Act (FMFIA)		

	Questions	YES	NO
1.	Has the Commander established a Managers' Internal Control (MICP) and is actively involved?		
2.	Has a MICP coordinator been appointed in writing by the Senior Assessable Unit Manager (Commander or Senior Manager)?		
3.	Has the component been segmented into organizational assessable units and is an inventory maintained of these assessable units, along with the assessable unit managers?		
4.	Are all organizational elements in the chain of command contained in one or more of the organization's assessable units so that the list as a whole equals the entire organization?		
5.	Has the Senior Assessable Unit Manager designated the head of each Assessable Unit as the Assessable Unit Manager for each segmented assessable unit?		
6.	Is a MICP Coordinator appointed in writing for each subordinate assessable unit contained in the organization?		
7.	Are all assessable unit managers trained on the MICP?		
8.	Are all organizational leadership and subordinate personnel trained on the requirements of ACI 7001.01?		
9.	Has the Assessable Unit Manager of each segment identified the functions and programs that are essential to the success of the organization? Are they described and documented on U.S. Africa Command Form 9, Internal Management Control Plan?		

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	Questions	YES	NO
10.	Have managers identified internal and external risks that may prevent the organization from meeting its objectives?		
11.	Does each Assessable Unit Manager assess the functions and programs under their purview for effective internal controls?		
12.	Does the Senior Assessable Unit Manager ensure that effective and efficient internal controls are an integral part of all essential functions of the organization encompassing operations, administration, and financial activities?		
13.	Are all assessable units assessed annually to determine the efficiency and effectiveness of internal controls?		
14.	Is the annual Statement of Assurance to the Commander, United States Africa Command, submitted not later than 15 June or as otherwise stated in the supplemental Command guidance?		
15.	Is the annual Statement of Assurance signed by the head (or principal deputy) of each assessable unit?		
16.	Does the annual Statement of Assurance include material weaknesses and the plans to correct them?		
17.	Are material weaknesses promptly reported to higher headquarters levels at the time of discovery and also in the statement of assurance?		
18.	Is a senior accountable official appointed to be responsible for timely and effective resolution of each material weakness?		
19.	Have timely actions been taken to correct material weaknesses?		
20.	Do all assessable units prepare an Internal Management Control Plan?		
21.	Is the annual Statement and accompanying Internal Management Control Plan retained for at least three years?		

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	Questions	YES	NO
22.	Are independent evaluations of internal controls performed on assessable units?		
23.	Do managers use knowledge gained from daily operation of programs and systems, internal evaluations used to assess management controls, IG and GAO reports, audits, inspections, program evaluations, and other reports to assess internal controls?		
24.	Are deficiencies found in internal controls reported to the appropriate personnel and management responsible for that area? Is there a systemic process in place for addressing deficiencies?		
27.	Do managers identify deficiencies in internal controls and report them to the next level of command if they are of interest to them?		
28.	Are evaluations conducted on each assessable unit a minimum of once every year?		
29.	Are evaluations documented in control plans and supported with written records that document the evaluation? Is the evaluation easy to read and understand so that an independent reviewer can understand?		
30.	Do MICP coordinators track deficiencies, reportable conditions, and material weaknesses until resolved?		
31.	Are copies of the applicable directives maintained by the Command MIC Coordinator? For example: DODI 5010.40, OMB Circular A-123, and ACI 7001.01?		



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## ENCLOSURE F

### ORGANIZATIONS REQUIRED TO COMPLY

1. The Organizations Listed Below are Designated as U.S. Africa Command Assessable Units and are Required to Establish MICP and Submit an Annual Statement of Assurance.

- a. Directorate for Outreach (OTR)
- b. Directorate for Strategy Plans and Programs (SPP)
- c. Directorate for Joint Force Development and Readiness (JFD)
- d. Directorate for Intel and Knowledge Development (IKD)
- e. Directorate for C4 Systems (C4S)
- f. Directorate for Operations and Logistics (OPL)
- g. Directorate for Resources (RES)

2. The following activities will submit Statements of Assurance to the Chief of Staff, U.S. Africa Command where they will be consolidated and incorporated into the COS-SS Statement of Assurance:

- a. African Liaison Office
- b. Chief of Staff
- c. Command Chaplain
- d. Command Group
- e. Command Historian
- f. Command Surgeon
- g. Deputy Director Reserve Affairs
- h. Engineering Division
- i. Foreign Policy Advisor
- j. Headquarters Commandant

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- k. Inspector General
- l. Office of the Legal Counsel
- m. Public Affairs Office
- n. Secretary Joint Staff
- o. Security Management Office

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## ENCLOSURE G

### DEFINITIONS

#### Part I: Abbreviations and Acronyms

AFAFRICA	U.S. Air Forces Africa Command (17th Air Force)
C4S	Command, Control, Communications and Computer Systems
CDR	Commander, United States Africa Command
COS	Chief of Staff
COS-HQC	Headquarters Commandant
COS-OSM	Security Management Office
COS-SJS	Secretary Joint Staff
DOD	Department of Defense
DODIG	Department of Defense Office of the Inspector General
JFD	Directorate of Joint Force Development and Readiness
GAO	Government Accounting Office
HOA	Horn of Africa
IAW	In Accordance With
IKD	Directorate of Intelligence Knowledge and Development
MAC	Management Accountability and Control
MARFORAF	U.S. Marine Forces Africa
MC	Management Control
MCR	Management Control Review
NAVAF	U.S. Naval Forces Africa
OPL	Directorate of Operations and Logistics
OTR	Directorate of Outreach
NLT	Not Later Than
OMB	Office of Management and Budget
RES	Directorate of Resources
RES-HR	Human Resources Division
SETAF	Southern European Task Force (Army)
SOCAFRICA	Special Operations Command Africa
SPP	Directorate of Plans and Programs
SPS-CH	Command Chaplain
SPS-IG	Inspector General
SPS-LC	Office of the Legal Counsel
SPS-PA	Public Affairs Office
SPS-SG	Command Surgeon

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## Part II: Definitions/Terms

1. **Assessable Unit.** An organizational subdivision and part of the total Internal Control organization that requires compliance with the MICP for a DOD Component.
2. **Comptroller General Standards.** The five standards issued by the Comptroller General to be applied by all managers in the Federal Government in establishing, assessing, documenting, monitoring, and reporting ICs under GAO Standards for Internal Control in the Federal Government (GAO/AIMD-00-21.3.1), which are listed below.
3. **Control Activities.** Control activities include policies, procedures, and mechanisms in place to help ensure that organization objectives are met. Several examples include: proper segregation of duties; physical control over assets; proper authorization; and appropriate documentation and access to that documentation.
4. **Control Deficiency.** The design or operation of a control that does not allow management or employees to prevent or detect misstatements on a timely basis or accomplish the mission objectives is a control deficiency.
5. **Control Environment.** The organizational structure and culture created by management and employees to sustain organizational support for effective internal controls. Within the organizational structure, management must clearly: define areas of authority and responsibility; appropriately delegate the authority and responsibility throughout the organization; establish a suitable hierarchy for reporting; support appropriate human capital policies for hiring, training, evaluating, counseling, advancing, compensating, and disciplining personnel; and uphold the need for personnel to possess and maintain the proper knowledge and skills to perform their assigned duties as well as understand and be responsible for maintaining effective ICs within the organization.
6. **Design Deficiency.** A control necessary to meet the control objective is missing or an existing control is not properly designed, so that even if the control operates as designed the control objective is not consistently met.
7. **Operation Deficiency.** A properly designed control that does not operate as designed or the person performing the control is not qualified or properly skilled to perform the control effectively.
8. **DOD Functional Proponent.** This is a DOD staff principal responsible for policy and oversight of a particular functional area.
9. **Financial Statement Reporting Entity.** An entity assigned by either the Office of Management and Budget or the Department of Defense to produce and provide to OUSD(C) stand alone financial statements, both quarterly and annual.

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10. **Information and Communication.** Information should be communicated to relevant personnel at all levels within an organization. The information should be relevant, reliable, and timely. It is also crucial that an organization communicate with outside organizations as well, whether providing information or receiving it. Examples include: receiving updated guidance from central oversight agencies; management communicating requirements to the operational staff; operational staff communicating with the information systems staff to modify application software to extract data requested in the guidance.

11. **Internal Control (IC).** ICs are the organization's policies and procedures that help program and financial managers achieve results and safeguard the integrity of their programs.

12. **Internal Control (IC) Assessment.** A documented evaluation on the effectiveness and adequacy of the system to meet the mission objectives, implemented in a cost-effective way to comply with Section 3512, Title 31, United States Code.

13. **Internal Control Assessment (ICA) for the FMFIA Over Financial Reporting Process.** The conduct of assessing the effectiveness of ICs over financial reporting which should closely follow the guidance in Appendix A of OMB Circular A-123 and MICP annual guidance provided by OUSD(C) and U.S. Africa Command.

14. **Internal Control Assessment (ICA) for the FMFIA Overall Process.** The conduct of assessing the effectiveness of ICs for the functions under the FMFIA Overall Process, which includes all program, activities and operational areas.

15. **Managers' Internal Control Program.** Management responsibility as defined by this Directive and the MICP annual guidance provided by US Africa Command.

16. **Managers' Internal Control Strategy (MICS).** A brief, written strategy that indicates the number of scheduled and accomplished IC assessments and the identity of DOD Component assessable units and progress for accomplishing annual program requirements consistent with information reported in the DOD Component's FMFIA Overall Process Annual Statement of Assurance.

17. **Material Weakness in ICs for the FMFIA Overall Process.** These are reportable conditions which are significant enough to report to the next higher level. It is management's judgment as to whether or not a weakness is deemed material.

18. **Material Weakness in ICs over Financial Reporting.** This is a reportable condition, or combination of reportable conditions, that results in more than a remote likelihood that a material misstatement of the financial statements, or other significant financial reports, will not be prevented or detected. The determination is a management judgment as to whether a weakness is material.

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19. **Materiality for FMFIA Over Financial Reporting.** Materiality for FMFIA Over Financial Reporting is defined as the risk of error or misstatement on the financial statements that could occur and would impact management's or users' decisions or conclusions based on such statements. Materiality for FMFIA Over Financial Reporting is further defined in Appendix A of OMB Circular A-123, paragraph C, Planning Materiality. The level of materiality each Financial Statement Reporting Entity is to use for FMFIA Over Financial Reporting will be defined in the annual guidance provided by US Africa Command.

20. **Materiality for FMFIA Overall.** Materiality for FMFIA Overall is defined as the risk of error or inability to accomplish mission objectives. The level of materiality each Command or HQ Director is to use for FMFIA Overall is based on that particular organization's management judgment.

21. **Monitoring.** Monitoring the effectiveness of internal control should occur in the normal course of business. In addition, periodic assessments, reconciliations or comparisons of data should be included as part of the regular assigned duties of personnel. Periodic assessments should be integrated as part of management's continuous monitoring of internal control, which should be ingrained in the organization's operations. If an effective continuous monitoring program is in place, it can provide the resources needed to maintain effective ICs throughout the year. Deficiencies found in internal control should be reported to the appropriate personnel and management responsible for that area. Deficiencies identified whether through internal review or by an external audit should be evaluated and corrected. A systemic process should be in place for addressing deficiencies.

22. **Reasonable Assurance.** An informed judgment by management as to the overall adequacy and effectiveness of ICs based upon available information that the systems of ICs are operating as intended by Section 3512, Title 31, United States Code.

23. **Reportable Conditions for the FMFIA Financial Reporting Process.** A control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report external financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements, or other significant financial reports, is more than inconsequential and will not be prevented or detected.

24. **Reportable Conditions for the FMFIA Overall Process.** A control deficiency, or combination of control deficiencies, that in management's judgment, should be communicated because they represent significant weaknesses in the design or operation of ICs that could adversely affect the organization's ability to meet its IC objectives.

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25. **Risk Assessment.** A pre-condition of risk assessment is the establishment of clear, consistent, agency objectives. Risk assessment is the identification and analysis of relevant risks associated with achieving the objectives, such as those defined in strategic and annual performance plans developed under the Government Performance and Results Act, and forming a basis for determining how risks should be managed. Management should identify internal and external risks that may prevent the organization from meeting its objectives. When identifying risks, management should take into account relevant interactions within the organization as well as with outside organizations. Management should also consider previous findings; e.g., identified by auditors, internal assessments, or noncompliance with laws and regulations when identifying risks. Identified risks should then be analyzed for their potential effect or impact on the organization.

26. **Risk.** The possibility an event will occur and adversely affect the achievement of the IC objectives and may result in the loss of Government resources or cause an organization to fail to accomplish significant mission objectives through fraud, error, or mismanagement. Risk is measured by the likelihood and the impact of the event having a negative effect.

27. **Senior Assessment Team for Assessing ICs.** A team of senior level executives that provide oversight of assessing and documenting the effectiveness of ICs over financial reporting. The team provides oversight for: determining the assessment design and methodology; determining the scope of the assessment, i.e., those financial reports covered by the assessment; ensuring that assessment objectives are clearly communicated throughout the organization; ensuring that the assessment is carried out in a thorough, effective, and timely manner.

28. **Senior Official.** A senior official is a member of the highest level of management or leadership of the organization.

29. **System Non-Conformance.** Instances in which financial management systems do not substantially conform to financial system requirements constitute system non-conformance as defined in OMB Circular A-123. Financial management systems include both financial and financially-related (or mixed) systems.

30. **Systemic Weakness.** A systemic weakness is one that materially affects internal control across organizational and program lines and usually affects more than one DOD organization.

31. **Tool for Evaluating Internal Management Controls.** The General Accounting Office has published a tool for use in evaluating internal controls (see GAO Internal Control Management and Evaluation Tool, GAO-01-1998G).